



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt  
Governor

Lowell P. Braxton  
Division Director

July 15, 1998

CERTIFIED RETURN RECEIPT  
P 074 976 651

Darin Olson, Engineer  
ECDC Environmental, LC  
1111 West Highway 123  
P.O. Box 69  
East Carbon City, Utah 84520

Re: Cancellation of Reclamation Surety, ECDC Environmental LC, ECDC Clay Mine, M/015/062,  
Emery County, Utah

Dear Mr. Olson:

On July 2, 1998, the Division received a Direct Cancellation Notice from the Insurance Company of the State of Pennsylvania for reclamation surety bond #12-31-01 in the amount of \$20,600 held on behalf of ECDC Environmental, LC. The cancellation notice stated it was effective 5/17/98.

As stated on page 2, paragraph 1 of the surety bond contract, which the surety signed and dated April 30, 1993: "This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination." A copy of the contract is enclosed.

The Division did not receive 90 days advance notification that this bond was canceled, rather, we received notification approximately six weeks after the Insurance Company of the State of Pennsylvania attempted to cancel the bond.

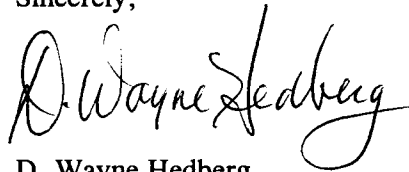
This letter is to notify ECDC that a large mining operation (disturbance over five acres), **must remain** bonded until the project is fully reclaimed and the Division releases the operator from any further reclamation obligations at the site. In a July 6, 1998 telephone conversation with Joelle Burns of our staff, you informed her that ECDC would furnish a new bond. You also requested that she fax you a copy of the notice of cancellation, as you were not aware of this. Joelle advised you that when a new bond is posted, the amount would need to be updated to current year dollars and escalated five years into the future. Enclosed is the updated reclamation surety estimate. Please make arrangements to submit a replacement reclamation surety in the amount of \$24,100 immediately, in order to avoid

Page 2  
Darin Olson  
M/015/062  
July 15, 1998

further enforcement action. For your convenience, we have enclosed a surety bond form (MR-5) if you wish to replace the surety with this same type of bond. If you wish to change the type of surety, please let us know so we can forward the proper form to you. We will also need a new Reclamation Contract (MR-RC) to accompany the replacement surety. Form MR-RC, with guidelines for it's completion, is also enclosed, along with a copy of the existing Reclamation Contract for your use as a guide.

Thank you for your immediate attention to this matter. If you have any questions regarding this letter, please contact me, Tony Gallegos or Joelle Burns at (801) 538-5286, 538-5267 or 538-5291 respectively.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure: surety estimate, copy of surety bond 12-31-01,  
copy of existing MR-RC, blank MR-5 and MR-RC  
guidelines  
m15-62.sur

# SURETY ESTIMATE UPDATE

EAST CARBON DEVELOPMENT COMPANY (ECDC)

ECDC CLAY MINE

M/015/062

Emery County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

03/03/93

## DESCRIPTION:

- Previous reclamation surety estimate was \$20,600 in year 1998 dollars
- Reclamation Estimate base amount calculated in 1993-\$
- This update adjusts the surety amount for escalation only.
- There is no change to the mining and reclamation plan***
- Escalation factors through 1997 are actual Means Historical Cost Indices
- Total disturbed area = 18 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1993	0.0261	\$19,153
	1994	0.0321	\$19,768
	1995	0.0193	\$20,149
F = Future Sum	1996	0.0242	\$20,637
P = Present Sum	1997	0.0236	\$21,124
i = Escalation Factor	1998	0.0224	\$21,597
n = number of periods	1999	0.0224	\$22,081
	2000	0.0224	\$22,576
Three Yr Average = 2.24%	2001	0.0224	\$23,081
Used to Project 5 Yrs	2002	0.0224	\$23,598
From the Year 1998	2003	0.0224	\$24,127

**Updated Surety Amount Rounded (2003-\$)**

**\$24,100**

\*\* Average cost per acre =

\$1,339 (\$/ACRE)